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C O N F I D E N T I A L QUITO 000433

SIPDIS

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TAGS: ECON ETRD PREL EC
SUBJECT: ECUADOR ANNOUNCES IT WILL JOIN ALBA

REFTEL A: Quito 15
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Classified by: Ambassador Heather Hodges, Reasons 1.4 (b) and (d).

¶1. (U) Summary: President Correa announced June 5 that Ecuador would join ALBA, confirming a June 3 statement by Venezuelan President Chavez on the issue. Correa claimed membership would provide Ecuador a "common front" before organizations unfavorable towards Latin America, such as the World Bank and ICSID, and support an investment fund and trade based on development rather than competition. End Summary.

¶2. (SBU) On June 3, Venezuelan President Chavez (and founder of ALBA) announced that Ecuador would join the Bolivarian Alternative for the Americas (ALBA) at a special summit on June 24. Initially, the GOE neither confirmed nor denied the statement, and speculation mounted. Foreign Ministry officials claimed the GOE was still analyzing the proposal and had made no final decision on membership, according to the Ecuadorian press. However, during a radio interview on June 5, President Correa confirmed that Ecuador would join ALBA.

¶3. (SBU) In justifying his decision, Correa highlighted the benefits of ALBA membership, including having a common position before organizations that have been "prejudicial" towards Latin America, such as the World Bank and its arbitration forum ICSID (the International Center for the Settlement of Investment Disputes). The ALBA announcement came on the heels of Correa's announcement that Ecuador would withdraw from ICSID and his increasing rhetoric against the organization (septel). (Note: At a 2007 ALBA summit, members signed an agreement to withdraw from ICSID. Ecuador attended the summit as an observer but declined to sign the agreement.) Additional benefits from joining ALBA included setting up an investment fund for member countries, and supporting a "trade for development" model in place of "neo-liberal trade" based on competition, Correa claimed. Ecuadorian critics have downplayed any economic or political benefit from ALBA membership, given the radical nature of its key members and ALBA's close association with Chavez, who has failed to deliver on concrete projects in Ecuador and Venezuela's payment arrears to Ecuadorian businesses.

¶4. (SBU) Under Correa, Ecuador has participated in ALBA summits as an observer several times since 2007 (ref A). At one of the first meetings that Ecuadorian officials attended, then Foreign Minister Espinosa commented that the GOE was interested in understanding how ALBA functioned and its proposals, but did not plan to join ALBA at that time (ref B). Venezuelan President Chavez has pressured Correa to join ALBA several times, but Correa has resisted, saying that he would join ALBA when Venezuela rejoined the Andean Community (CAN). The GOE focused instead on the Union of South American Nations (UNASUR), which comprises Mercosur and CAN countries and is modeled on the EU.

¶5. (C) Comment: The decision to join ALBA, which evidently caught the Foreign Ministry unaware, is further evidence that President Correa continues to make key foreign policy decisions without his cabinet. Correa may see this as part of his post-election promise to

"radicalize" his citizens' revolution, but his Foreign Minister has appeared awkward in justifying this decision in public. End Comment.

HODGES